HBOG

ANNUAL REPORT

1964

Hudson's Bay Oil and Gas Company Limited

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Board of Directors

IRA H. CRAM, Chairman, New York, Chairman of Executive Committee and a Director of Continental Oil Company

J. R. MURRAY, Vice-Chairman, Winnipeg, Managing Director of Hudson's Bay Company

T. N. BEAUPRE, Vancouver, Chairman of the Board of Directors of British Columbia Forest Products Limited, and a Director of Hudson's Bay Company

M. J. FOLEY, Quebec, Vice-President and a Director of Anglo-Canadian Pulp and Paper Mills, Limited

WAYNE E. GLENN, Calgary, President of the Company

HERBERT H. LANK, Montreal, President and a Director of DuPont of Canada Limited

L. F. McCOLLUM, Houston, Chairman of the Board of Directors and Chief Executive Officer of Continental Oil Company

L. J. RICHARDS, Calgary, Executive Vice-President of the Company

JAMES A. RICHARDSON, Winnipeg, Vice-President and a Director of James Richardson & Sons, Limited, and a Director of Hudson's Bay Company

A. W. TARKINGTON, New York, President and a Director of Continental Oil Company

Officers

WAYNE E. GLENN, President

L. J. RICHARDS, Executive Vice-President

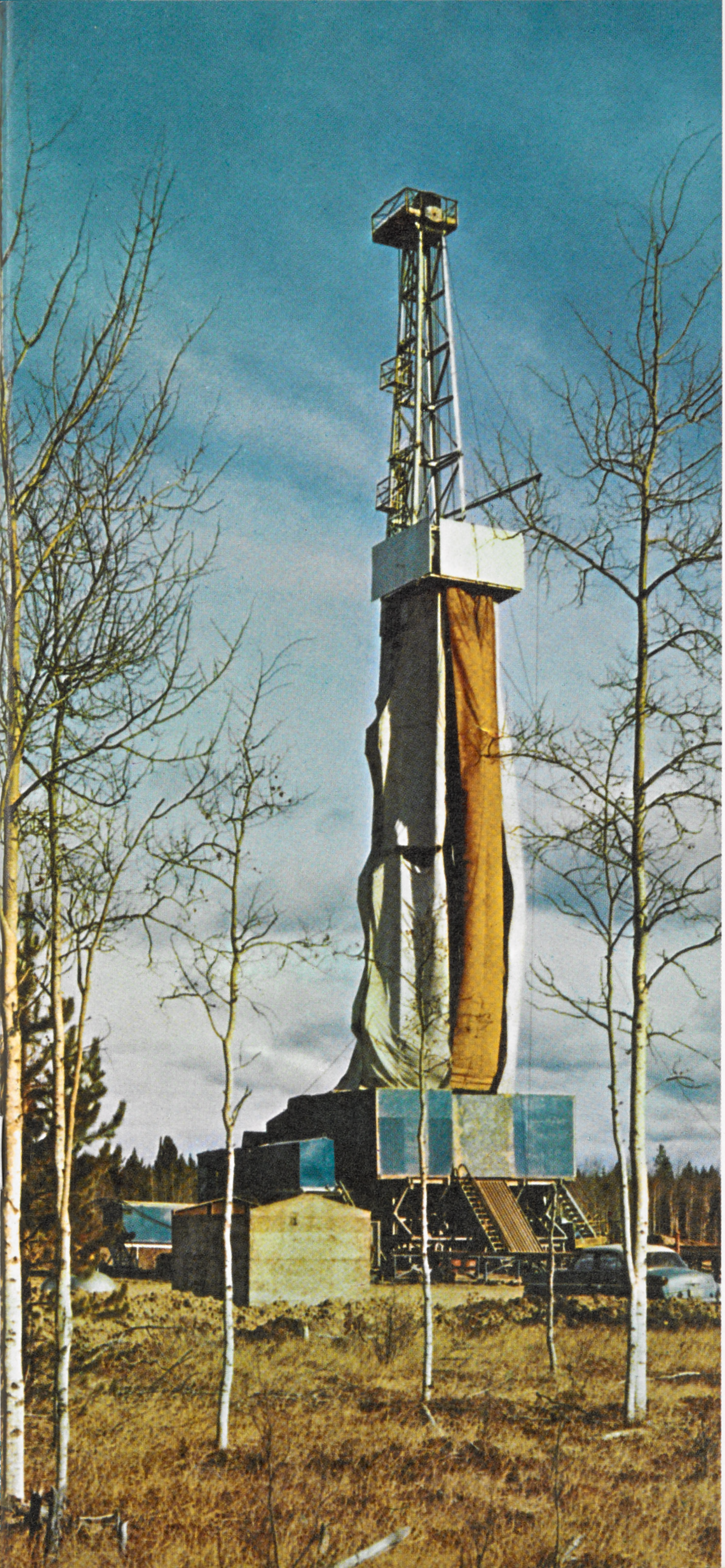
K. H. BURGIS, Financial Vice-President and Treasurer

R. J. HAMILTON, Vice-President, Exploration

D. C. JONES, Vice-President, Production

F. J. MAIR, Controller

J. H. CURRIE, Secretary



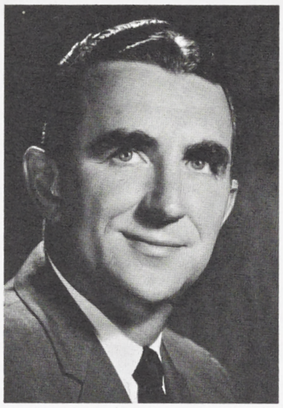
A Company operated exploratory well located in the Edson area, 150 miles west of Edmonton. The rig is partially wrapped with strips of canvas to assist in keeping drilling and testing information confidential. Such confidential information can often provide the Company with a competitive advantage in the process of bidding for oil and gas rights on adjacent lands.

Contents

Financial and Operating Highlights

	1964	1963
FINANCIAL		
Gross Operating Revenues	$44,242,000	$41,024,000
(The total value of sales of products and services)		
Net Cash Income Generated from Operations		
Total	$27,372,000	$25,760,000
Per Share	$ 1.50	$ 1.41
(Basically the gross operating revenues less expenses which involve a current outlay of cash)		
Net Earnings		
Total	$13,803,000	$12,331,000
Per Share	$ .75	$ .67
(Basically the net cash income generated from operations less the amounts deducted to provide for the recovery of investment in property, plants, equipment, etc.)		
Dividend Declared		
Total	$ 6,403,000	$ 5,488,000
Per Share	$ .35	$ .30
Capital and Operating Expenditures for Finding and Developing Reserves	$27,805,000	$52,865,000*
OPERATING		
Crude Oil and Natural Gas Liquids Production — Net (Barrels Per Day)	38,136	35,686
(The Company's share of average daily production after deducting royalties)		
Natural Gas Sales — Net (Millions of Cubic Feet Per Day)	117	105
Pipe Line Throughput (Barrels Per Day)	58,817	53,724
Net Acreage at Year End	12,032,000	13,107,000
(The number of acres under which rights are held to explore for, develop and take petroleum and associated products. Where rights are held jointly with partners only the Company's share is reported)		

****Includes $27,866,000 acquisition costs of Consolidated Mic Mac Oils Ltd. and Security Freehold Petroleums Limited.***



WAYNE E. GLENN
President

To The Shareholders:

RECORDS ACHIEVED

Hudson's Bay Oil and Gas Company Limited experienced another year of profitable growth and expansion in 1964. New records were established in net earnings and cash generation, in the levels of production and sales of crude oil, natural gas liquids, natural gas and sulphur, and in the volumes of liquids transported through its pipe line systems.

EARNINGS AND DIVIDENDS

Net earnings for the year increased by 11.9% to $13,803,000 or 75 cents per share. Net cash income generated from operations increased 6.3% to $27,372,000 or $1.50 per share. In view of the improvement in earnings and cash generation, the annual dividend on the Company's capital stock was increased from 30 cents to 35 cents per share.

REVENUES AND PRODUCTION

Gross operating revenues increased 7.8% to $44,242,000. All major sources of revenue showed substantial gains primarily due to higher sales volumes. Production of crude oil and natural gas liquids rose 6.9% to an average of 38,136 barrels per day, sales of natural gas increased 11.5% to an average of 116.6 million cubic feet per day, sulphur production increased 3.5% to an average of 245 long tons per day, and pipe line throughput was 9.5% higher at an average of 58,817 barrels per day.

EXPENDITURES FOR FINDING AND DEVELOPING RESERVES

Capital and operating expenditures for finding and developing reserves totalled $27,805,000. This was $25,060,000 less than the record level established in the previous year, which included $27,866,000 for reserves and exploratory acreage obtained through acquisition of Consolidated Mic Mac Oils Ltd. and Security Freehold Petroleums Limited. However, the 1964 program did represent a continuation of the Company's policy of increasing its emphasis on exploration activities as well as maintaining an active development program. Exploration expenditures totalled $12,022,000 while development expenditures totalled $15,783,000. Additions to reserves during the year exceeded the 14.0 million barrels of crude oil and natural gas liquids and 42.7 billion cubic feet of natural gas produced and sold in 1964.

INDUSTRY RESULTS AND OUTLOOK

The Canadian petroleum industry achieved a good rate of growth in 1964. Production of crude oil and natural gas liquids averaged 852,700 barrels per day, a gain of 8.4%, reflecting continuation of the strong growth in demand that has prevailed since 1961. Both export and domestic demand are expected to show some slackening in rate of growth during 1965 but a further 5% gain in total industry production, to an average of approximately 896,000 barrels per day, can reasonably be expected. The industry's sales of natural gas averaged 2.5 billion cubic feet per day in 1964, a gain of 10.3% over the previous year. Sales to Eastern Canada increased 16.3% and a continuation of the rapid growth in this market is anticipated in 1965. Continued growth in sales to the United States and Western Canadian markets is also forecast with the result that total sales in 1965 are expected to increase approximately 7% to an average of 2.6 billion cubic feet per day. Further substantial gains in subsequent years can also be anticipated in view of the approval by the Alberta government, late in 1964, of applications by Trans-Canada Pipe Lines Limited for authority to remove an additional 275 million cubic feet per day from the province, and by Alberta and Southern Gas Co. Ltd. for authority to remove an additional 225 million cubic feet per day.

The industry's exploration efforts were again expanded in 1964, particularly in exploratory drilling, reflecting the growing need for new reserves to replace the larger volumes produced. Further encouragement to a continuation of this uptrend in exploration was provided by the Alberta government's approval of additional gas exports, by a revision of land holding regulations in Saskatchewan, and by the announcement of a major revision in Alberta's prorationing regulations. The new procedures for allocating market demand for crude oil to the various producing pools in Alberta, which are to be put into effect gradually over a four year period commencing May 1, 1965, will place greater emphasis on reserves as an allocation factor and thus provide greater incentives for the search for new reserves.

OUTLOOK FOR THE COMPANY

The Company expects that its production of crude oil and natural gas liquids in 1965 will increase at approximately the same rate as that forecast for the industry as a whole and that its 4.5% share of industry production will be maintained or perhaps fractionally improved. It does not expect to derive any appreciable benefit from the limited changes to be made in Alberta's prorationing regulations in 1965 but it does anticipate that, when fully implemented, the new plan will result in a net gain in Company production rates.

The Company's natural gas sales are expected to increase by approximately 16% in 1965, which would bring its share of industry sales to 5.2% as compared with 4.8% in 1964. A large part of the gain forecast for the Company will result

from commencement of deliveries from the Sylvan Lake and Clarke Lake fields and from its approximate one-third interest in the 100 million cubic feet per day of gas sales contracted for delivery from the Edson field commencing in November 1965. The annual volumes contracted for delivery from these fields increase substantially in subsequent years, particularly at Edson, thus assuring further growth in the Company's gas sales.

The Company's exploration program will be expanded in 1965 and larger expenditures will be incurred for gas plant construction. Total outlays for finding and development activities are projected to increase to approximately $30,000,000.

SHARE TRADING PERFORMANCE AND SHARE HOLDINGS

The volume of trading in the Company's shares on the Toronto Stock Exchange increased by approximately 14% in 1964 to a total of 432,363 shares. At year end the Company had 11,548 shareholders of record, a reduction of 978 from the previous year end due primarily to the consolidation of small shareholdings that accompanied the continued gradual accumulation of foreign holdings by Canadian investors. Public holdings of the Company's shares represented 12.4% of the total number outstanding and its two major shareholders, Continental Oil Company and Hudson's Bay Company, held 65.7% and 21.9% respectively. A ruling has been obtained from the United States Treasury Department that purchases of the Company's shares are exempt from the 15% Interest Equalization Tax imposed on United States purchasers of foreign shares.

BOARD OF DIRECTORS AND EMPLOYEES

Mr. Ira H. Cram, a Director of the Company for the past 14 years and Chairman of Executive Committee and a Director of Continental Oil Company, was elected Chairman of the Board in October 1964 to fill the vacancy created by the death of Mr. Chas. A. Perlitz, Jr. On the same date Mr. A. W. Tarkington, President and a Director of Continental Oil Company, was appointed a Director of the Company. Mr. Perlitz had been Chairman of the Board since October 1961 and a Director of the Company since 1953. His outstanding personal attributes and experienced counsel will be sorely missed.

The Directors wish to record their appreciation of the effective manner in which employees throughout the organization carried out their duties and responsibilities during the year. Such efforts are a vital ingredient in the continued success and growth of the Company.

Submitted on behalf of the Board of Directors:

Calgary, Alberta
March 18, 1965

Wayne E. Glenn
President

Map of Western Canada
Showing Acreage Holdings of

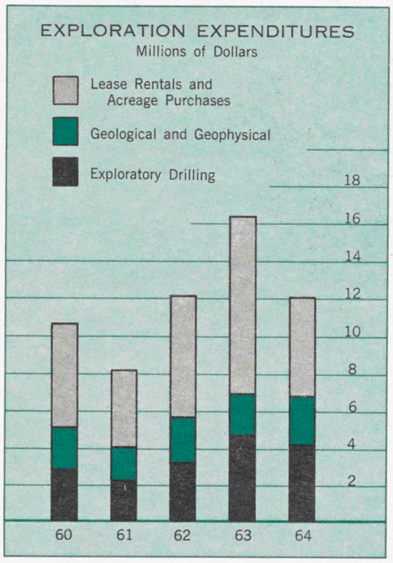
Hudson's Bay Oil and Gas Company Limited

as at December 31, 1964

GENERAL REVIEW

EXPLORATION

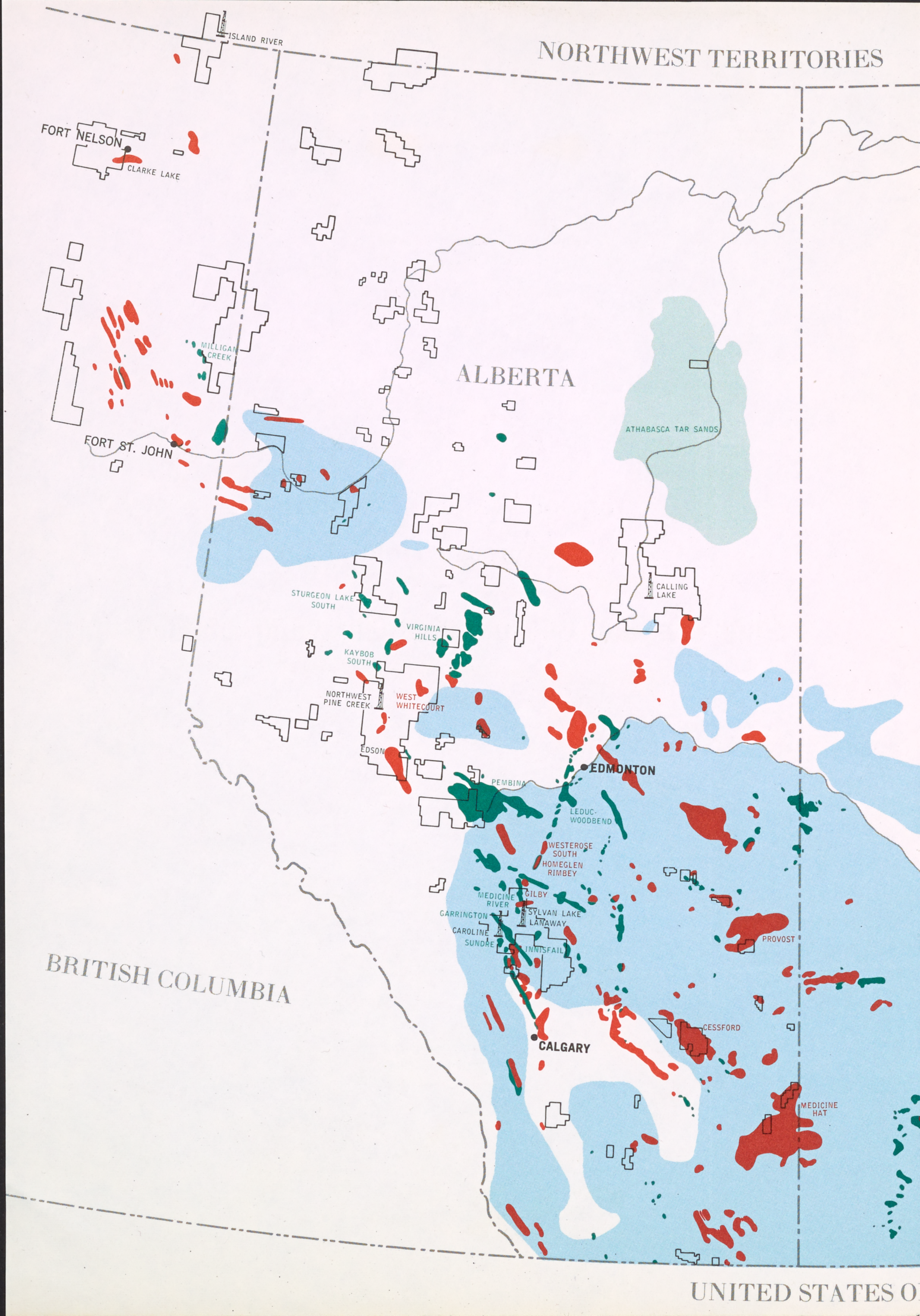
General – In 1964 Hudson's Bay Oil and Gas Company Limited spent $12,022,000, including both capital and expense outlays, in its search for new oil and gas reserves. This was $4,296,000 less than the record amount of $16,318,000 spent on exploration activities in the preceding year, which included $5,382,000 for additions to exploratory land holdings through acquisition of Consolidated Mic Mac Oils Ltd. and Security Freehold Petroleums Limited. In terms of normal operations, the 1964 program represented a substantial expansion of exploratory effort, with outlays for acreage acquisitions, lease rentals, geological and geophysical programs all higher than in the previous year. The number of net exploratory well completions also increased but, due to a reduction in average depth, the expenditures on exploratory drilling were less than in 1963.

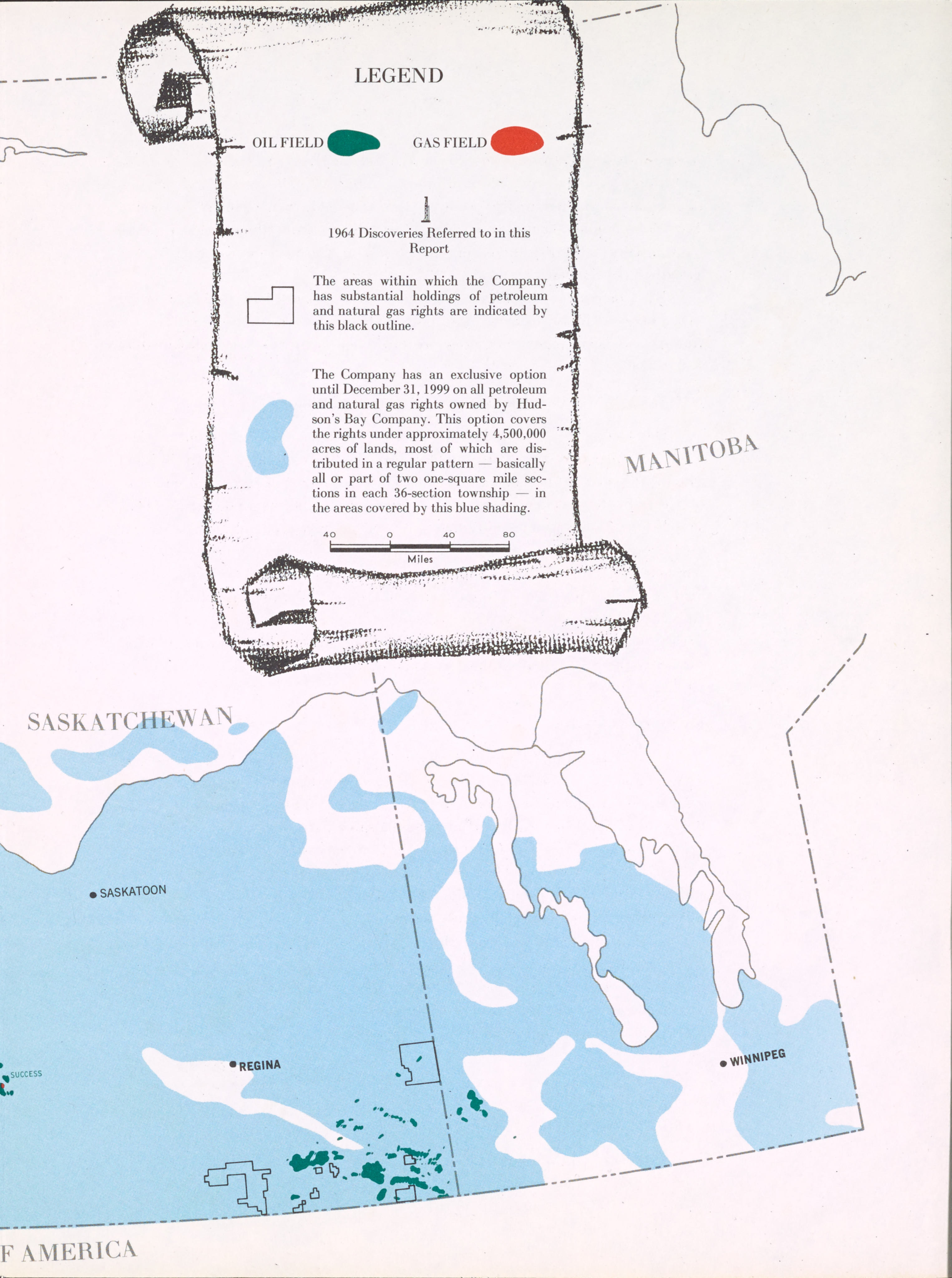


The Company's exploratory activities were primarily concentrated in the established prospective areas of Alberta, Saskatchewan and northern British Columbia. However, some exploratory work was carried out in the Northwest Territories and the Company acquired a land position in the "heavy oil" area of east central Alberta. The degree of future activity in this "heavy oil" area will depend, to a large extent, upon development of a commercially feasible method of producing this viscous low-gravity crude.

Discoveries – Through its 1964 exploratory drilling program the Company participated in the discovery of several new fields and in the extension of a number of existing fields. The more noteworthy of these discoveries and extensions are discussed in the following paragraphs.

In the Edson gas field, in west central Alberta, the Company's position was improved by the drilling of two successful exploratory wells. These wells extended the Mississippian gas reservoir two miles to the north and two miles to the south. In addition, the northerly well confirmed the existence of important natural gas reserves in an overlying Cretaceous zone. The Company owns approximately a one-third interest in the field's estimated 2.2 trillion cubic feet of proven natural gas reserves and has extensive acreage holdings in adjacent areas.


NORTHWEST TERRITORIES
ISLAND RIVER
FORT NELSON
CLARKE LAKE
MILLIGAN CREEK
ALBERTA
ATHABASCA TAR SANDS
FORT ST. JOHN
STURGEON LAKE SOUTH
CALLING LAKE
VIRGINIA HILLS
KAYBOB SOUTH
NORTHWEST PINE CREEK
WEST WHITECOURT
EDSON
PEMBINA
EDMONTON
LEDUC-WOODBEND
WESTEROSE SOUTH
HOMEGLEN RIMBEY
MEDICINE RIVER
GILBY
GARRINGTON
SYLVAN LAKE
LANAWAY
CAROLINE
SUNDRE
INNISFAIL
PROVOST
BRITISH COLUMBIA
CESSFORD
CALGARY
MEDICINE HAT
UNITED STATES O


LEGEND
OIL FIELD
GAS FIELD
1964 Discoveries Referred to in this Report
The areas within which the Company has substantial holdings of petroleum and natural gas rights are indicated by this black outline.
The Company has an exclusive option until December 31, 1999 on all petroleum and natural gas rights owned by Hudson's Bay Company. This option covers the rights under approximately 4,500,000 acres of lands, most of which are distributed in a regular pattern — basically all or part of two one-square mile sections in each 36-section township — in the areas covered by this blue shading.
40 0 40 80
Miles
MANITOBA
SASKATCHEWAN
SASKATOON
REGINA
WINNIPEG
SUCCESS
F AMERICA

The "VIBROSEIS" system which was developed by the Company's U.S. affiliate is an example of recent advances in geophysical technology and provides an alternate method to the conventional dynamite energy source. This Company owned unit is shown with the base plate of the vibrator pressed firmly against the ground by the weight of the truck. Vibrations are emitted from the vibrator and travel into the earth. Some of these vibrations are reflected back to the surface and are recorded by means of electronic equipment. This operation aids in locating subsurface structures which are potential reservoirs for the accumulation of crude oil and natural gas.

In the Calling Lake area of northeastern Alberta, natural gas was discovered in two exploratory wells drilled on the Company's 1,200,000 acre block of Crown permits. In each of the wells, five miles apart, slightly in excess of 100 feet of gas zone was encountered in Upper Devonian carbonates at a depth of 1,600 feet. These results indicate the presence of a significant natural gas reservoir.

At Northwest Pine Creek in west central Alberta, where natural gas was discovered in a Devonian reef in 1963, a successful extension well located two miles southeast of the initial discovery encountered about 100 feet of gas pay and confirmed the existence of a major gas reserve in this field. The Company owns a 41-2/3% interest in the 21,000 acre block of lands on which the wells were drilled.

In the Island River area of the Northwest Territories, immediately north of the British Columbia border, natural gas was discovered in Middle Devonian carbonates at a depth of 7,000 feet. Tests performed during drilling operations yielded gas at a rate of 5.7 million cubic feet per day. The Company has a 50% interest in the 32,000 acre block on which the well was drilled and a 100% interest in an adjoining 295,000 acres to the west and south.

Oil discoveries were made in the East Sylvan Lake, Caroline and Lanaway areas of west central Alberta. The Company's land holdings in these areas total approximately 6,000 acres. Additional wells will be drilled in 1965 to fully evaluate these discoveries.

Acreage Holdings – At December 31, 1964 the Company held 11,685,000 acres of undeveloped lands. The acquisition cost of these holdings totalled $21,302,000 or an average of $1.82 per acre. Rental payments in 1964 amounted to $2,224,000, an average of 19 cents per acre.

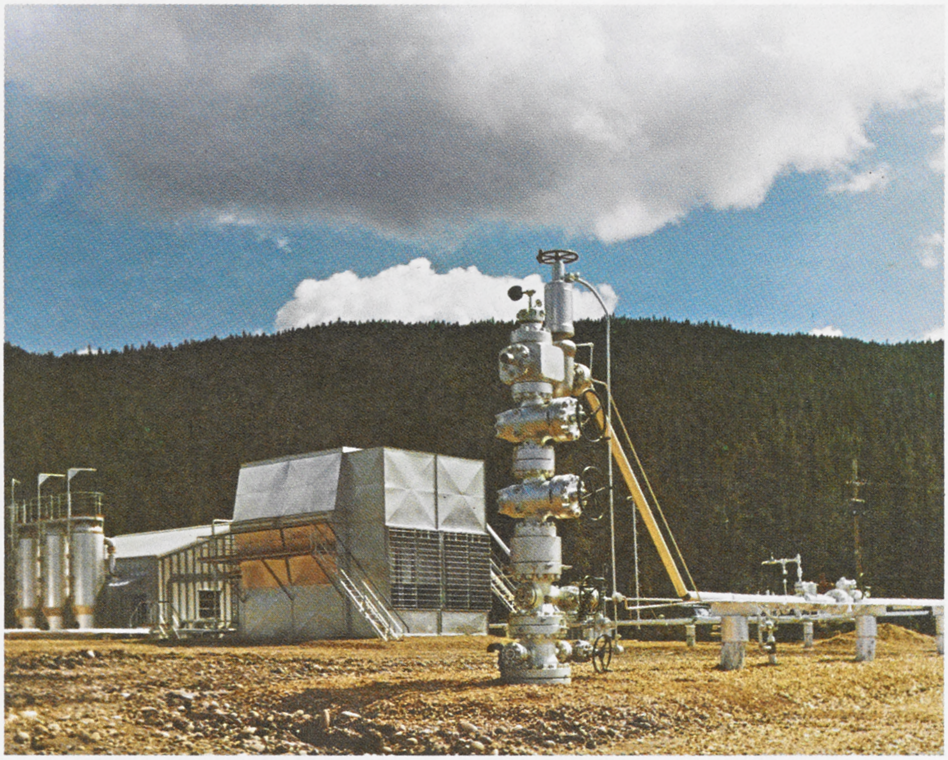
Undeveloped Net Acreage Holdings
December 31, 1964

Location	Crown Permits or Reservations (1)	Leaseholds	Options to Lease Hudson's Bay Company Lands	Fee Lands	Total
Alberta.	2,163,000	1,974,000	1,519,000	89,000	5,745,000
British Columbia	877,000	278,000	6,000	—	1,161,000
Saskatchewan . .	445,000	79,000	2,333,000	103,000	2,960,000
Yukon-Northwest Territories	1,008,000	19,000	—	—	1,027,000
Other.	—	3,000	700,000	89,000	792,000
	4,493,000	2,353,000	4,558,000	281,000	11,685,000

(1) Convertible into leases to the extent of approximately 50%.

During the year the Company spent $2,749,000 for the acquisition of 776,000 acres of exploratory lands. Among the larger purchases were four drilling reservations in west central Alberta covering 37,000 acres and a 9,000 acre drilling reservation in the Fort Nelson area of British Columbia, acquired at an aggregate cost of $1,695,000.

A total of 1,846,000 acres of undeveloped lands were relinquished in 1964. These included 1,320,000 acres surrendered after geological and geophysical evaluation, 382,000 acres released on conversion of permits and reservations to petroleum and natural gas leases, and 144,000 acres were assigned to other companies for wells drilled on or adjacent to Company lands. In addition, 31,000 acres were transferred to the fully or partially developed category.



Lease equipment at a Company operated sour gas well in the Pine Creek field about 150 miles northwest of Edmonton. This facility is comprised of the wellhead, a gas cooler, and dehydration equipment which includes the three adsorption towers visible at the extreme left. HBOG pioneered the use of "molecular sieves" in adsorption towers for removing water from sour natural gas. Molecular sieves are highly porous chemical compounds which have a great affinity for water. After becoming saturated with adsorbed water, the "sieves" are heated to a high temperature to drive off the water and are then cooled preparatory to being placed back in service.

WELL COMPLETIONS	1964 Gross	1964 Net	1963 Gross	1963 Net
EXPLORATORY				
Oil	6	5.0	9	5.4
Gas	12	7.7	14	8.1
Dry	45	28.9	45	22.1
Total	63	41.6	68	35.6
Average Depth		5,759′		6,619′
DEVELOPMENT				
Oil	110	60.2	129	66.3
Gas	34	8.0	28	8.7
Dry	18	9.8	24	14.9
Total	162	78.0	181	89.9
Average Depth		6,228′		6,185′

DRILLING

During 1964 the Company participated in the completion of 225 wells, of which 63 were exploratory wells and 162 were development wells. In addition, to assist in evaluating some of its undeveloped land holdings, the Company supported, with relatively small contributions of acreage or money, the drilling of 31 exploratory wells by other companies on lands adjacent to Company properties.

The 63 exploratory well completions, in which the Company's interest was equivalent to 41.6 net wells, represented a new peak in annual exploratory drilling. These completions included 10 gross or 4.1 net wells drilled on Company lands by other companies at their cost to earn an interest in the lands, thus reducing the Company's cash outlays for exploratory drilling.

The Company's interest in the 162 development well completions was equivalent to 78.0 net wells, a reduction of 11.9 net wells from the previous year. The distribution of these wells by province was: Alberta 66.8, Saskatchewan 8.0 and British Columbia 3.2. Nearly one-half of the total completions were in four Alberta fields, Kaybob South, Medicine River, Pembina and Sylvan Lake.

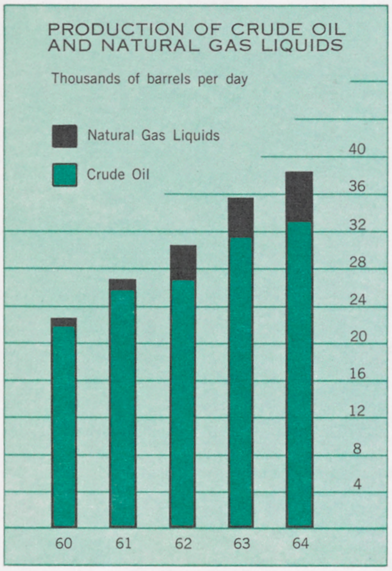
CRUDE OIL PRODUCTION — NET Daily Average Barrels	1964	1963
ALBERTA		
Pembina	8,023	8,161
Sundre	1,694	1,628
Innisfail	1,402	1,416
Virginia Hills	1,306	1,180
Garrington	1,241	1,204
Kaybob South	1,113	291
Sturgeon Lake South	1,029	1,118
Medicine River	984	805
Leduc-Woodbend	786	831
Cessford	697	548
Other Fields	8,114	7,875
Total	26,389	25,057
SASKATCHEWAN		
Success	1,284	970
Other Fields	3,010	2,829
Total	4,294	3,799
BRITISH COLUMBIA		
Milligan Creek and Wildmint	2,190	2,165
Other Fields	30	51
Total	2,220	2,216
MANITOBA	10	10
Total	32,913	31,082

PRODUCTION

Crude Oil – In 1964 the Company's net crude oil production averaged 32,913 barrels per day. This represented attainment of higher production rates for the sixth consecutive year and a gain of 1,831 barrels per day or 5.9% over 1963. Production from wells completed during the year and the additional production obtained from a full year's operation of wells completed during 1963 contributed 2,640 barrels per day to the average rate for 1964. These gains were partially offset by natural decline in the producing rates of some older wells and by reduced allowables in several fields.

The average wellhead price realized from sales of crude oil was $2.39 per barrel, an increase of six-tenths of a cent per barrel over the average for the previous year. This price improvement resulted primarily from increases in some individual field prices occasioned by changes in the value of the particular crude oil or in transportation charges. There was no general increase in crude oil prices during 1964.

Unitization of the Company's producing properties with those owned by other companies within a field, to permit management of the combined facilities by a



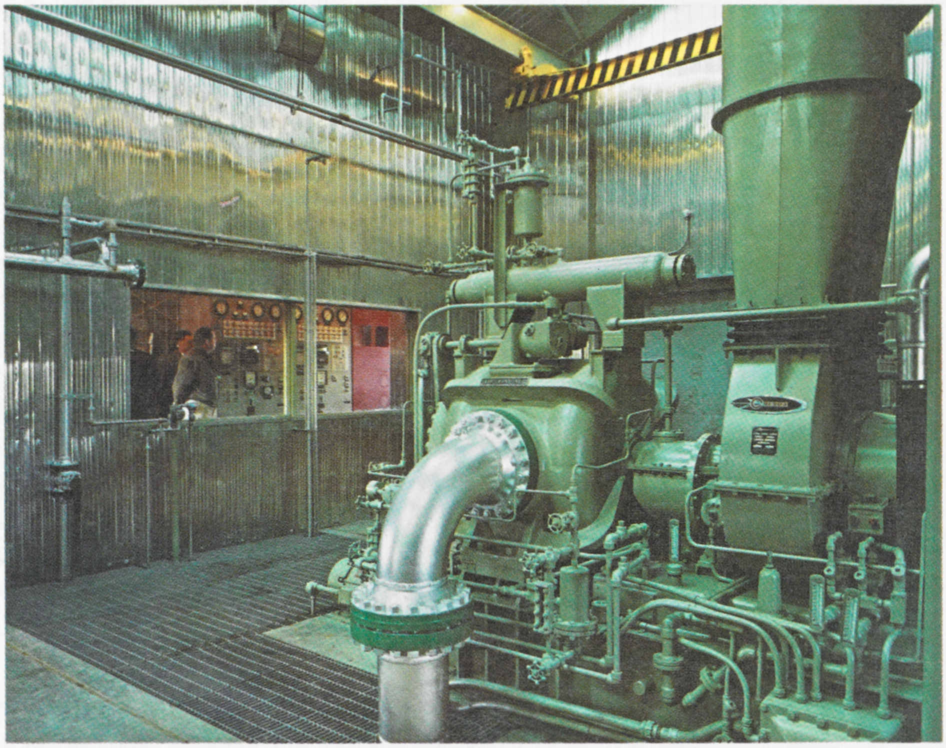
single operator, continued to receive a high priority. Unitization has generally proven to be the most efficient and economic method of providing for the construction and operation of pressure maintenance, secondary recovery and gas processing facilities. During the year the Company was involved in the formation of 17 unit operations and several proposed unitization projects were under study. At year end the Company had a participating interest in 92 units operating in various fields throughout the four western provinces.

The Company participated in new pressure maintenance projects in the Pembina and Willesden Green fields of Alberta and in the expansion of several other existing pressure maintenance projects. In these projects reservoir pressure is maintained by injecting water and/or gas into the reservoir from which the hydrocarbons are being produced. This procedure forestalls the reduction in producing rates which would occur under normal primary production methods as the reservoir pressures gradually decline. The injected fluids also flush out additional volumes of oil, classified as secondary reserves. Secondary reserves are particularly attractive as the development cost on a per barrel basis is normally much lower than for primary reserves. Additional pressure maintenance projects are planned for 1965.

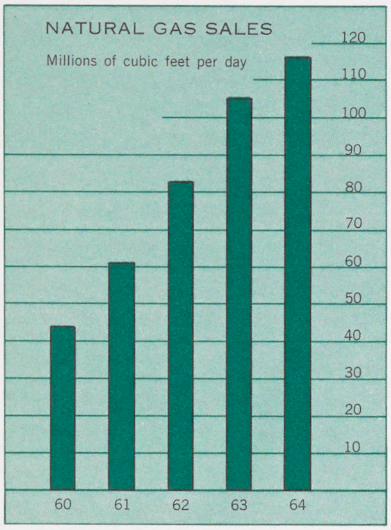
Following extensive public hearings to determine the industry's views and recommendations, the Alberta Oil and Gas Conservation Board announced a major revision in its method of prorating market demand for crude oil among the producing pools in the province. In most major respects, the proposed revisions are in general accord with the recommendations submitted by the Company and a large number of other producing companies. Under the new plan, which will be put into effect gradually over a four year transitional period commencing on May 1, 1965, market demand will be allocated among the individual producing pools in proportion to the average of their original and remaining recoverable reserves. The allocation of production allowables to wells within a pool will be on the basis of acreage, but wells within any portion of a pool under pressure maintenance or secondary recovery will receive credit for their higher recovery factor. A further important innovation provides for the granting of an allowable to proven but undrilled well spacing units, thereby making it possible to effect economies in development drilling and operating costs. The increased emphasis on reserves as an allocation factor will encourage the installation of pressure maintenance and secondary recovery schemes at the earliest possible stage in the producing life of a pool. It appears that the Company's production rates will benefit from this new proration procedure due in large part to the emphasis it has placed on pressure maintenance and secondary recovery.

Natural Gas and Associated Products – Sales of natural gas and associated products all reached new peaks in 1964. Natural gas sales averaged 116.6 million cubic feet per day, an increase of 12.0 million cubic feet per day or 11.5% over 1963. Production of natural gas liquids averaged 5,223 barrels per day, a gain of 619 barrels per day or 13.4%, and sulphur production was 3.5% higher at an average of 245 long tons per day.

Almost one-half of the increase in natural gas sales came from the Cessford field where Trans-Canada Pipe Lines Limited requested deliveries substantially in excess of the guaranteed minimum volumes specified in the sales contracts. Commencement of gas sales from the Gilby field and a full year's operation of the Medicine Hat unit formed in 1963 also contributed to the increase. The average price realized from sales of natural gas was 14 cents per thousand cubic feet, an



During 1964 the Company completed a major compressor installation at the Cessford gas plant, 100 miles east of Calgary. The centrifugal compressor which is currently handling some 125 million cubic feet of natural gas per day is powered by an industrial version of the Orenda jet aircraft engine. This relatively recent adaptation of the jet engine has resulted in a more economical and compact installation than could have been achieved with a heavy duty reciprocating type compressor.



improvement of three-tenths of a cent over the average for the previous year. The higher price for 1964 resulted mainly from price escalation provisions contained in most of the sales contracts.

A major part of the increase in production of natural gas liquids was attributable to higher volumes from the West Whitecourt and Rimbey plants. These gains reflected both the processing of larger volumes of raw gas through the plants and the extraction of a greater proportion of the propane and butane content from the gas streams. The average price realized on the sale of natural gas liquids was $2.46 per barrel, a reduction of 10 cents per barrel from the previous year due primarily to the larger proportion of 1964 sales represented by propane and butane which sell at a lower price than normal plant condensate.

A large program of gas plant construction was carried out during the year which involved a total capital outlay of $5,350,000. The major projects were an addition to the existing plant at West Whitecourt, a new gas processing plant at Sylvan Lake, and preliminary work at a new plant at Edson which will be the fourth largest gas processing plant in Canada.

The addition to the West Whitecourt plant, in which the Company owns a 41-2/3% interest, provides additional capacity for removal of the increasing volumes of hydrogen sulphide contained in the raw gas processed through the plant. The hydrogen sulphide is sold to a major sulphur company for conversion into elemental sulphur at its adjoining plant which was also enlarged during the year.

NATURAL GAS SALES — NET
Millions of Cubic Feet Daily

	1964	1963
Cessford	43.0	37.7
West Whitecourt	29.7	29.5
Pembina	8.6	9.0
Westerose South and Homeglen-Rimbey	6.3	5.4
Provost	3.8	3.3
Gilby	3.2	—
Medicine Hat	2.7	.9
Other Locations	19.3	18.8
Total	116.6	104.6

NATURAL GAS LIQUIDS PRODUCTION — NET
Daily Average Barrels

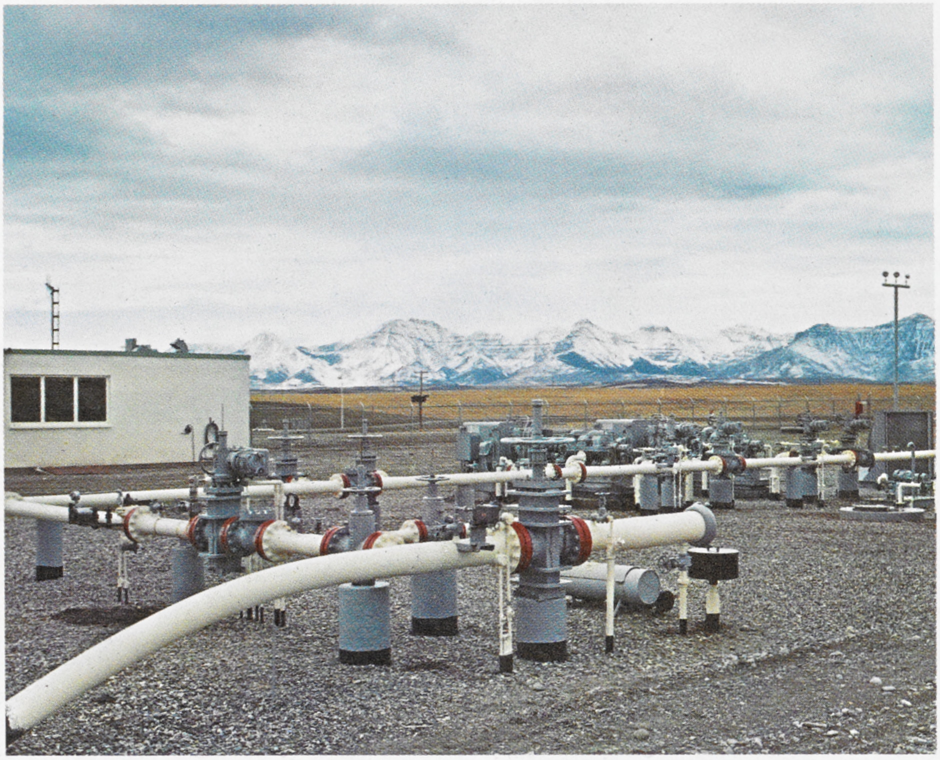
	1964	1963
West Whitecourt	3,768	3,454
Westerose South and Homeglen-Rimbey	505	339
Harmattan-Elkton	375	312
Other Locations	575	499
Total	5,223	4,604

The Company owns a 32% share and is the operator of a new gas processing plant at Sylvan Lake which was completed and brought into operation since the year end. The Company's net share of the output from this plant is estimated at 5.7 million cubic feet of natural gas and 110 barrels of natural gas liquids per day for the balance of 1965, and 8.1 million cubic feet of natural gas and 163 barrels of natural gas liquids per day for the remaining term of the gas contract.

Construction contracts have been let for the new gas plant at Edson which will have a designed maximum daily capacity of 280 million cubic feet. The Company will own an approximate 33% interest in the plant, will supervise its construction, and will be responsible for its operation on completion which is scheduled for November 1965. The plant owners have gas sales contracts with Trans-Canada Pipe Lines Limited that provide for minimum deliveries totalling 100 million cubic feet per day during the first year of the contracts and 150 million

cubic feet per day during the second year. The minimum daily volumes for the third and subsequent years of the contracts will be finally determined in relation to the volume of reserves established by that date, but on the basis of presently proven reserves would be approximately 210 million cubic feet per day. The Company's net share of the plant output should average approximately 26.8 million cubic feet of natural gas, 267 barrels of natural gas liquids and 22 long tons of sulphur per day during the first year of operation and increase to 56.3 million cubic feet of natural gas, 552 barrels of natural gas liquids and 46 long tons of sulphur per day in the third year of operation.

The pipe line and processing facilities installed by Westcoast Transmission Company Limited to serve the Clarke Lake natural gas field were completed and brought into service in February 1965. The Company's net share in the gas volumes contracted for delivery from this field is estimated at 5.5 million cubic feet per day for the balance of 1965, with a scheduled increase to approximately 11 million cubic feet per day in 1966.

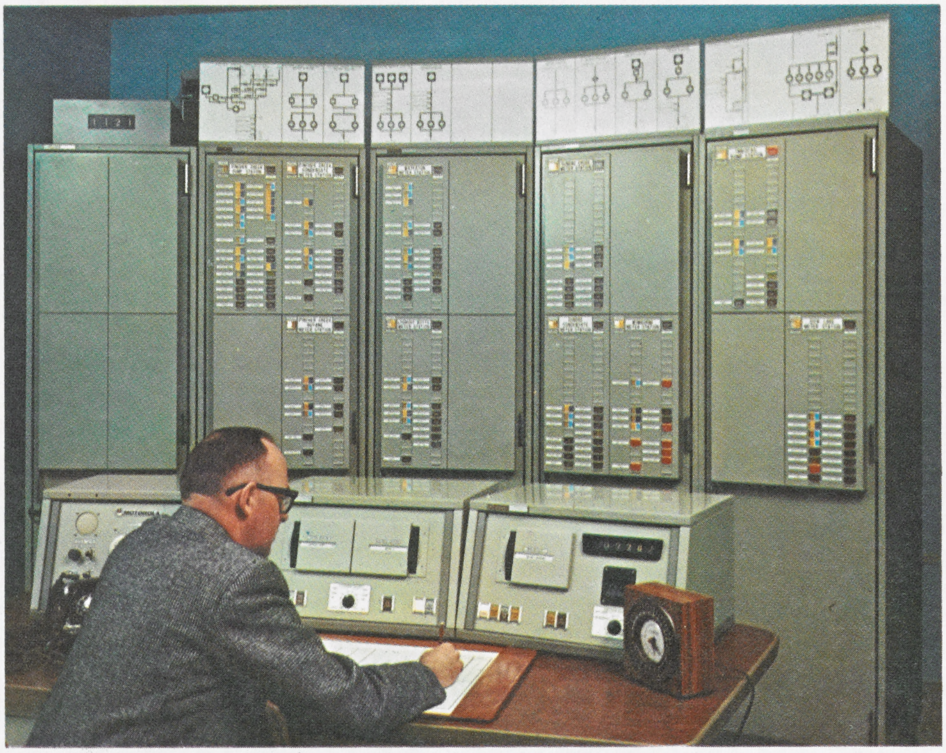


A Company pump and meter station at Pincher Creek in southwestern Alberta. Operation of this pumping and metering equipment is controlled by radio from a central console at the Company's head office in Calgary.

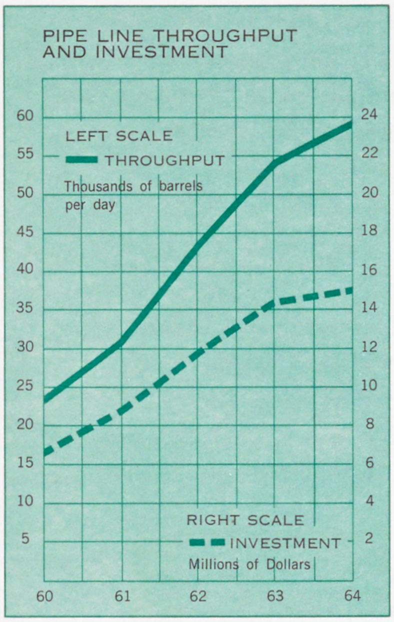
PIPE LINES

The volume of crude oil and natural gas liquids gathered and transported through the Company's pipe line systems again increased in 1964. Throughput volume averaged 58,817 barrels per day, a gain of 5,093 barrels per day or 9.5% over the previous year.

The cost of capital additions to the system during the year amounted to $842,000, bringing the total investment in pipe line facilities to $15,001,000 at year end. These facilities include 200 miles of trunk lines and 297 miles of gathering lines providing connections for delivery of crude oil from 240 field tank locations and of natural gas liquids from 6 major gas processing plants. Approximately 80% of the liquid volume entering the system is measured by automatic metering equipment.



The central console for remote supervisory control of the Company's pipe line operations. From the console the dispatcher is able to control pumping rates and meter the volumes pumped at all major pump and meter stations on the Company's pipe line systems. This central control results in increased efficiency in handling the daily throughput of approximately 60,000 barrels of crude oil and natural gas liquids.



In addition to its own pipe line operations, the Company also participates in the ownership of two pipe line companies that serve areas where it has a sizeable volume of production. These consist of a 14% interest in Peace River Oil Pipe Line Co. Ltd. acquired at a cost of $586,000, and a 4% interest in Producers Pipelines Ltd. acquired at a cost of $108,000. Both of these companies have been aggressively expanding their operations and at year end the book value of the share interests owned by the Company had appreciated to approximately $849,000 and $333,000, respectively.

EMPLOYEES

The growth experienced by the Company in 1964, particularly in natural gas processing operations, created a need for 31 additional employees which brought the total number to 506 at year end.

Continued effort was directed during the year toward better training and utilization of staff. This was accomplished by on-the-job training courses, job rotation, and use of managerial and technical training courses provided by commercial and educational institutions. In addition, a large number of employees have improved their knowledge and skills through job-related evening and correspondence courses voluntarily taken under the Company's Employee Educational Refund Plan.

Observance of sound safety practices resulted in the Company's personal injury and automotive accident rates remaining among the lowest in the Canadian petroleum industry. Government and industry group awards were received in recognition of these achievements.

Employee salaries, wages and benefits totalled $3,762,000 in 1964, an increase of $245,000 or 7.0% over the prior year. Salaries and wages made up $3,228,000 of this amount and were $204,000 or 6.7% higher than in 1963. The principal reasons for the increase were the growth in number of employees, a 3% general wage and salary increase awarded on April 1, 1964 to employees in the lower salary groups and a compensating enlargement in the merit increases awarded to technical and supervisory personnel on an individual performance basis. The cost of providing the various employee benefits was equivalent to 16.5% of salaries and wages paid in 1964 and totalled $533,000, an increase of $40,000 or 8.1% over the prior year.

A high level of voluntary participation was maintained in the plans provided under the Company's comprehensive employee benefits program. The Retirement Plan, which provides for pensions based on the level of earnings achieved in the

final years of employment and length of participation, is fully funded with all assets held by an independent trustee. The major part of the funds accumulated in the Thrift Plan has been invested, at the direction of employees, in Company stock. Approximately 27,000 shares were held at year end by the Thrift Plan trustee for members' accounts.

FINANCIAL

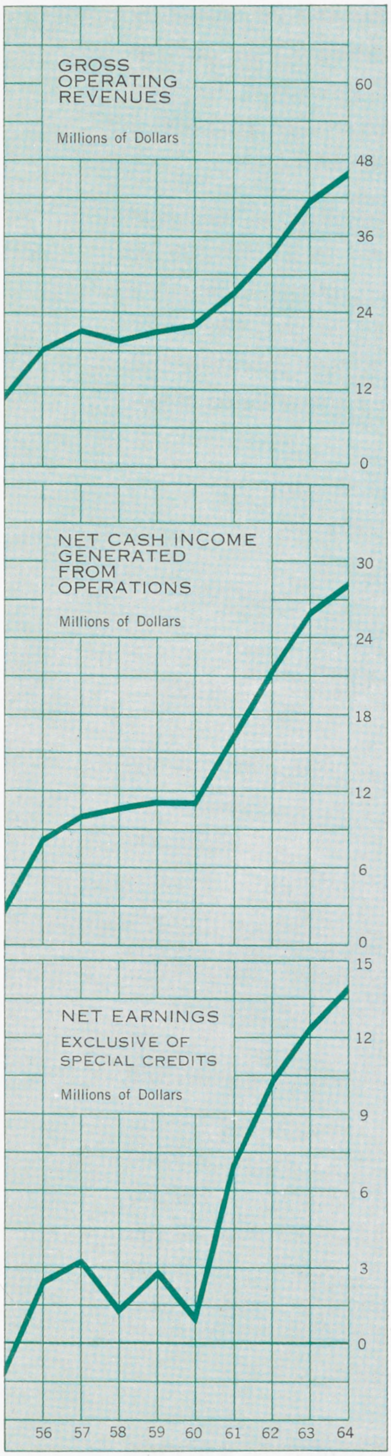
Net earnings and cash generation both reached record levels in 1964. Consolidated net earnings of the Company and its subsidiaries were $13,803,000 or 75 cents per share, an 11.9% increase over the $12,331,000 or 67 cents per share earned in 1963. Net cash income generated from operations was $27,372,000 or $1.50 per share, a 6.3% gain over the $25,760,000 or $1.41 per share generated in the previous year.

Reflecting the improvement in earnings and cash generation, the annual dividend on the Company's capital stock was increased to 35 cents per share for 1964 as compared with 30 cents per share for the preceding year. The 1964 dividend was paid on January 25, 1965 to all shareholders of record at close of business on December 31, 1964.

Gross operating revenues for the year totalled $44,242,000, an increase of $3,218,000 or 7.8%. The major components and the change from the previous year are detailed in the following summary:

Gross Operating Revenues	Amount in 1964	Increase Over 1963 Amount	Increase Over 1963 Per Cent
Sales of crude oil	$28,879,000	$1,767,000	6.5
Sales of natural gas liquids	4,709,000	397,000	9.2
Sales of natural gas	5,954,000	736,000	14.1
Pipe line revenues	3,624,000	363,000	11.1
Other	1,076,000	(45,000)	(4.0)
Total	$44,242,000	$3,218,000	7.8

A larger volume of sales was the principal factor in the increases shown for each major category of revenue. In the case of natural gas liquids this factor accounted for the entire gain and larger throughput volumes accounted for most of the gain in pipe line revenues. However, modest increases in the average unit sale price did account for approximately 11% of the gain in crude oil revenues and 15% of the gain in natural gas revenues. The small decrease in gross operating



revenues from other sources reflects a net reduction of $73,000 in gas plant processing fees, resulting from a non-recurring retroactive fee adjustment totalling approximately $108,000, which more than offset gains in revenues from sulphur sales and crude oil trading operations.

Total expenses for the year were $30,998,000, an increase of $1,659,000 or 5.7%. Cash expenses, at $17,429,000, were up $1,519,000 or 9.5%. The principal items accounting for the increase in cash expenses were: an additional $334,000 of exploration expenses resulting primarily from a higher level of geophysical activity and a larger rental cost on the Company's exploratory land holdings; a $980,000 increase in the expenses of producing operations reflecting the greater number of wells and plants in operation and a larger volume of remedial work on older facilities; and an additional $269,000 of interest charges on borrowed funds. Non-cash expenses and other deductions increased by $140,000 or 1.0% to a total of $13,569,000. Increases in the provisions for amortization of the various classes of assets, including the write-off of capital expenditures on dry holes, were partially offset by elimination of the minority interest in the earnings of subsidiaries that prevailed during 1963.

The form of the Company's consolidated statement of earnings has been revised to segregate cash and non-cash expenses and classify cash expenses by function with the objective of providing a more informative presentation. The comparative figures for 1963 have been reclassified to conform to the new presentation.

As explained in Note 4 to the financial statements, on a cumulative basis the tax-deductible expenditures for drilling and exploration by the Company and each of its subsidiaries have substantially exceeded their taxable incomes. Accordingly, no provision for income taxes was required in 1964 but the amount of excess deductions that the companies are carrying forward to offset future taxable income was reduced.

Capital expenditures totalled $24,181,000 in 1964, as compared with $50,907,000 in the previous year. However, $28,323,000 of the 1963 expenditures consisted of values attributed to the capital assets of Consolidated Mic Mac Oils Ltd. and Security Freehold Petroleums Limited which were acquired as subsidiaries during that year. Accordingly, in terms of normal capital spending activity, the 1964 outlays represented a 7.1% increase. Expenditures for acquisition of exploratory acreage and for exploratory drilling were up $752,000 from 1963 and totalled $7,228,000, or 29.9% of the Company's capital program for the year. Capital spending on development activities, primarily for the drilling and

equipping of new wells, construction of gas processing plants and for secondary recovery facilities, was $1,720,000 greater than in the preceding year and, at $15,783,000, represented 65.3% of the total program. Expenditures for new equipment and additions to the Company's pipe line systems totalled $842,000, a reduction of $1,042,000 from the comparable outlays in the previous year.

The purchase and redemption of $1,570,000 of the Company's first mortgage bonds during 1964 resulted in reduction of its long-term debt to $51,000,000 by the year end. At that date long-term debt represented 33.7% of the Company's total capitalization as compared with 36.2% at the previous year end. The effect on the Company's cash and working capital position of the various operating and capital transactions during the year is shown in the following consolidated statement of sources and uses of funds.

Consolidated Statement of Sources and Uses of Funds

YEARS ENDED DECEMBER 31, 1964 and 1963

	1964	1963
SOURCES OF FUNDS		
Net cash income generated from operations	$27,372,000	$25,760,000
Issue of long-term debt	—	30,000,000
Issue of capital stock	—	8,570,000
Proceeds from sales of properties and investments	1,189,000	542,000
Miscellaneous	339,000	173,000
TOTAL FUNDS AVAILABLE	$28,900,000	$65,045,000
USES OF FUNDS		
Expenditures for property, plant and equipment	$24,181,000	$50,907,000
Expenditures for other assets of acquired subsidiaries	—	917,000
Reduction of long-term debt	1,570,000	969,000
Dividend declared	6,403,000	5,488,000
Miscellaneous	283,000	476,000
TOTAL FUNDS USED	$32,437,000	$58,757,000
RESULTING INCREASE (DECREASE)		
In cash and short-term investments	$(3,330,000)	$ 4,021,000
In other working capital items	(207,000)	2,267,000
IN TOTAL WORKING CAPITAL	$(3,537,000)	$ 6,288,000

Hudson's Bay Oil and Gas Company Limited

and Subsidiary Companies

Consolidated Statement of Earnings

YEARS ENDED DECEMBER 31, 1964 and 1963

	1964	1963
INCOME		
Gross operating revenues	$44,242,000	$41,024,000
Interest, dividends, rentals and other	559,000	646,000
	44,801,000	41,670,000
CASH EXPENSES		
Exploration	4,794,000	4,460,000
Production	7,868,000	6,888,000
Pipe line	794,000	743,000
General administrative (Note 3)	1,344,000	1,459,000
Interest on long-term debt	2,572,000	1,859,000
Other interest charges	57,000	501,000
	17,429,000	15,910,000
NET CASH INCOME GENERATED FROM OPERATIONS	27,372,000	25,760,000
NON-CASH EXPENSES AND OTHER DEDUCTIONS		
Depletion	5,021,000	4,823,000
Depreciation	4,255,000	3,990,000
Amortization of undeveloped acreage	1,138,000	1,125,000
Dry holes and abandonments	3,051,000	2,992,000
Minority interest in net income of subsidiaries	—	409,000
Other — net	104,000	90,000
	13,569,000	13,429,000
NET EARNINGS (Notes 2 and 4)	$13,803,000	$12,331,000

Consolidated Statement of Retained Earnings

YEARS ENDED DECEMBER 31, 1964 and 1963

	1964	1963
Balance at Beginning of Year	$25,448,000	$18,605,000
Net Earnings for Year	13,803,000	12,331,000
	39,251,000	30,936,000
Dividend Declared	6,403,000	5,488,000
Balance at End of Year	$32,848,000	$25,448,000

See accompanying notes

Consolidated Balance Sheet —

ASSETS

	1964	1963
CURRENT ASSETS		
Cash	$ 1,177,000	$ 1,039,000
Short-term investments at cost, which approximates market	—	3,468,000
Accounts Receivable	8,463,000	9,582,000
Inventories of crude oil and supplies at or below average cost	2,016,000	1,493,000
Total Current Assets	11,656,000	15,582,000
INVESTMENTS IN NON-CONTROLLED COMPANIES AT COST	1,058,000	1,130,000
PROPERTY, PLANT AND EQUIPMENT AT COST (Note 2)	220,118,000	201,470,000
LESS: Accumulated depreciation, depletion and amortization	66,229,000	57,175,000
	153,889,000	144,295,000
OIL AND GAS RIGHTS ON HUDSON'S BAY COMPANY LANDS	1,000	1,000
UNAMORTIZED BOND DISCOUNT AND EXPENSE	504,000	561,000
OTHER ASSETS	782,000	883,000
	$167,890,000	$162,452,000

Approved on behalf of the Board:

W. Wayne E. Glenn, DIRECTOR

L. J. Richards, DIRECTOR

Gas Company Limited

Companies

December 31, 1964 and 1963

LIABILITIES AND SHAREHOLDERS' EQUITY

	1964	1963
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 8,545,000	$ 9,757,000
Dividend payable	6,403,000	5,488,000
Long-term debt due within one year (Note 5)	210,000	288,000
Accrued bond interest	248,000	262,000
Total Current Liabilities	15,406,000	15,795,000
LONG-TERM DEBT (Note 5)	51,000,000	52,570,000
DEFERRED CREDIT RE OFFICE BUILDING (Note 6)	1,274,000	1,181,000
MINORITY INTEREST IN SUBSIDIARY COMPANY	—	96,000
SHAREHOLDERS' EQUITY		
Share capital, par value $2.50 per share Authorized: 25,000,000 shares Issued: 18,294,044 shares	45,735,000	45,735,000
Contributed surplus	21,627,000	21,627,000
Retained earnings	32,848,000	25,448,000
	100,210,000	92,810,000
	$167,890,000	$162,452,000

See accompanying notes

Notes to the Consolidated Financial Statements

(1) Principles of Consolidation:

The consolidated financial statements include the acccounts of Hudson's Bay Oil and Gas Company Limited and its subsidiary companies, each of which is wholly owned.

(2) Accounting Principles:

Exploration expenses are charged against income as incurred.

All acreage costs are capitalized when acquired. A regular charge is made to income for "Amortization of undeveloped acreage" and when undeveloped acreage is surrendered its cost is charged against the accumulated amortization. When acreage is proven to be productive its original cost is transferred to the developed acreage account. Costs of developed acreage holdings are written off over their producing lives by a depletion charge calculated on a unit-of-production basis. The depletion charge per unit of production applicable to each holding is obtained annually by dividing the remaining net cost of the holding by its remaining reserves of saleable products.

All drilling costs are initially capitalized. If, on completion, a well is not capable of commercial production its cost is immediately written off against income. The costs of successful wells are written off by depletion charges on a unit-of-production basis in the same manner as the costs of developed acreage.

Pipe line equipment costs are written off by a unit-of-throughput method based on the estimated remaining reserves in the fields served by the pipe lines.

Other equipment is depreciated on a straight-line basis at rates estimated to write off the costs over the useful lives of the assets.

On consolidation the amount by which the purchase price of shares of subsidiaries exceeded their net book values has been allocated to the related assets, and additional depreciation, depletion and amortization has been provided accordingly.

(3) Amounts Paid to Directors, Officers and Legal Counsel:

The following amounts were paid during the year ended December 31, 1964: Directors' fees and expenses \$25,000; salaries of executive officers \$189,000; fees and salaries for legal counsel \$40,000.

(4) Income Taxes:

Under the provisions of the Income Tax Act and Regulations, the Company and each of its subsidiaries is permitted to deduct currently exploration expenses, acreage costs and the costs of drilling both successful and unsuccessful wells and to carry forward any excess of such deductions over income. They are also allowed for income tax purposes to deduct capital cost allowances greater than the depreciation recorded in their accounts. As a result of using these provisions, no income taxes were payable by any of the companies in respect of 1964 operations and, at December 31, 1964, the companies had a substantial carry-forward of unused deductions to apply against taxable income of future years.

(5) Long-Term Debt:

First Mortgage Sinking Fund Bonds of Hudson's Bay Oil and Gas Company Limited	*Sinking Fund Credits at December 31,*	*Amounts Due Within One Year at December 31,*		*Long-Term Debt Outstanding at December 31,*	
	1964	*1964*	*1963*	*1964*	*1963*
4% Series A, due May 1, 1975—sinking fund requirements \$1,000,000 per annum 1965 to 1974 and \$10,000,000 at maturity	\$1,360,000	\$ —	\$113,000	\$18,640,000	\$20,000,000
5% Series B, due October 1, 1971—sinking fund requirements \$100,000 per annum 1965 to 1969, \$50,000 in 1970 and \$50,000 at maturity	50,000	50,000	50,000	500,000	550,000
5¾% Series C, due August 1, 1977—sinking fund requirements \$160,000 per annum 1965 to 1976 and \$100,000 at maturity	—	160,000	125,000	1,860,000	2,020,000
5½% Series D, due June 15, 1983—sinking fund requirements \$1,500,000 per annum 1968 to 1982 and \$7,500,000 at maturity	—	—	—	30,000,000	30,000,000
	\$1,410,000	\$210,000	\$288,000	\$51,000,000	\$52,570,000

Sinking fund credits, established through the purchase and surrender to the trustee of bonds, have been treated as a reduction of the next succeeding sinking fund requirements for the respective series.

The First Mortgage Sinking Fund Bonds are secured under a Deed of Trust and Mortgage by a fixed and specific mortgage and charge on certain petroleum and natural gas leases and by a first floating charge on all other property and assets of the Company, both present and future.

(6) Deferred Credit Re Office Building:

On December 1, 1959 the Company sold its Calgary office building and simultaneously leased the property at annual net rentals of 3½% of the selling price. Under the terms of the lease, the Company has an option, exercisable within eight months following the death of the lessor, to repurchase the property at the original selling price and cancel the lease, or to retain the lease at annual net rentals of 6¾% of the original selling price. The excess of the selling price over the depreciated value of the property at the date of sale and a charge in lieu of depreciation since that date have been recorded in the accounts as a deferred credit. The balance in this account will be credited to accumulated depreciation if the building is repurchased and otherwise will be credited against future rentals.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Hudson's Bay Oil and Gas Company Limited and subsidiary companies as of December 31, 1964 and the consolidated statements of earnings and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Hudson's Bay Oil and Gas Company Limited and subsidiary companies at December 31, 1964 and the results of their operations for the year ended on that date. The statements have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying consolidated statement of sources and uses of funds presents fairly the information shown therein.

Peat, Marwick, Mitchell & Co.

Chartered Accountants

Calgary, Alberta
February 12, 1965

Ten Year Financial and

		1964	1963
Financial Data	Gross operating revenues	$ 44,242	41,024
	Net earnings (exclusive of special credits)(2)	$ 13,803	12,331
	Per share	$ .75	.67
	Net cash income generated from operations	$ 27,372	25,760
	Per share	$ 1.50	1.41
	Dividend declared per share	$ .35	.30
	Working capital	$ (3,750)	(213)
	Long-term debt	$ 51,000	52,570
	Shareholders' equity	$ 100,210	92,810
Gross Property Accounts	Undeveloped acreage	$ 21,302	19,254
	Fully or partially developed acreage	28,617	28,259
	Wells and related facilities	132,633	122,549
	Plants and related facilities	21,378	16,078
	Pipe line property	15,001	14,204
	Other	1,187	1,126
	Total property, plant and equipment, at cost	$ 220,118	201,470
Expenditures for Finding and Developing Reserves	Exploration expenses		
	Lease rentals	$ 2,224	2,191
	Geological, geophysical, etc.	2,570	2,269
		4,794	4,460
	Capital expenditures		
	Acreage acquisitions	3,037	28,534
	Exploratory and development drilling	10,549	12,489
	Lease and well equipment	4,075	4,570
	Plants and related facilities	5,350	2,812
	Total	$ 27,805	52,865(3)
Crude Oil and Natural Gas Liquids Production–Net (Barrels Per Day)	Alberta	31,612	29,660
	Saskatchewan	4,294	3,799
	Other provinces	2,230	2,227
	Total	38,136	35,686
Natural Gas Sales—Net	Millions of cubic feet daily	117	105
Wells Completed	Net exploratory wells	41.6	35.6
	Net development wells	78.0	89.9
	Total net wells	119.6	125.5
	Total gross wells	225	249
Net Wells Capable of Production	Oil wells	917.2	877.0
	Gas wells	136.2	125.3
	Total	1,053.4	1,002.3
Net Acreage (Thousands of Acres)	Fully or partially developed	347	321
	Undeveloped	11,685	12,786
	Total	12,032	13,107
Employees and Shareholders	Number of employees	506	475
	Number of shareholders	11,548	12,526
	Shares outstanding	18,294,044	18,294,044

(1) With the exception of per share figures, dollar amounts are in thousands.

(2) Special credits were $856,000 in 1962, $265,000 in 1960, $943,000 in 1959, $2,472,000 in 1958, $4,742,000 in 1957, $2,245,000 in 1956 and $729,000 in 1955.

(3) Includes $27,866,000 acquisition costs of Consolidated Mic Mac Oils Ltd. and Security Freehold Petroleums Limited.

Operating Review (1)

1962	1961	1960	1959	1958	1957	1956	1955
33,596	26,939	22,021	20,974	19,395	20,963	18,040	11,091
10,166	7,006	1,004	2,821	1,316	3,073	2,359	(1,059)
.57	.39	.06	.16	.07	.17	.29	—
21,106	16,440	11,089	11,081	10,493	9,898	8,175	2,771
1.19	.93	.62	.62	.59	.56	1.02	.35
.30	.20	—	—	—	—	—	—
(6,501)	(1,177)	7,797	13,293	12,480	15,155	1,632	(1,070)
23,539	25,018	26,400	26,500	27,600	28,600	52,100	32,003
77,479	71,871	68,324	67,055	63,291	59,503	12,814	8,210
13,021	9,652	9,647	8,422	7,142	6,559	5,195	5,093
10,257	9,687	8,012	6,184	5,464	5,124	4,452	4,117
102,877	94,201	87,869	80,433	73,032	66,163	54,119	34,423
13,328	12,398	4,735	3,331	2,212	—	—	—
11,908	8,655	6,564	6,334	5,634	4,908	2,136	—
1,160	1,098	1,088	1,105	4,893	4,810	4,441	3,009
152,551	135,691	117,915	105,809	98,377	87,564	70,343	46,642
2,027	2,032	2,169	2,346	2,362	2,853	2,320	2,234
2,535	1,841	2,251	1,678	1,664	2,246	2,408	2,959
4,562	3,873	4,420	4,024	4,026	5,099	4,728	5,193
4,320	2,138	3,344	2,297	1,126	2,053	436	1,576
8,746	6,378	6,683	5,867	8,387	10,032	15,924	14,856
3,034	3,431	5,532	4,542	2,162	3,606	5,118	3,922
1,899	6,849	1,175	1,119	2,212	—	—	—
22,561	22,669	21,154	17,849	17,913	20,790	26,206	25,547
25,731	23,971	20,285	19,168	17,953	20,097	19,194	11,700
3,265	2,668	2,386	2,026	2,117	2,144	1,796	1,450
1,358	183	18	60	29	16	2	2
30,354	26,822	22,689	21,254	20,099	22,257	20,992	13,152
82	60	44	44	14	8	6	5
21.9	18.3	21.3	26.9	30.3	32.9	32.8	17.4
86.0	60.6	59.8	74.4	71.9	74.8	153.4	156.6
107.9	78.9	81.1	101.3	102.2	107.7	186.2	174.0
164	126	140	185	192	184	335	318
754.6	698.6	646.6	605.8	552.9	543.0	474.5	322.6
97.4	88.0	80.0	71.2	67.1	53.6	38.9	34.9
852.0	786.6	726.6	677.0	620.0	596.6	513.4	357.5
274	242	164	135	125	100	88	64
11,422	11,650	13,431	11,407	10,022	10,361	10,860	9,381
11,696	11,892	13,595	11,542	10,147	10,461	10,948	9,445
454	425	407	412	396	356	307	251
11,038	11,485	11,956	12,171	12,738	12,941	2	2
17,744,592	17,744,592	17,744,592	17,744,592	17,744,592	17,744,592	8,000,000	8,000,000

Corporate Information

HUDSON'S BAY OIL AND GAS COMPANY LIMITED	Incorporated under the Laws of the Dominion of Canada
HEAD OFFICE	320 Seventh Avenue South West, Calgary, Alberta
SUBSIDIARY COMPANIES	AURORA PIPE LINE COMPANY, incorporated by Special Act of the Parliament of Canada (100% owned) FAIR MAC OILS LTD., incorporated under the Laws of the State of Delaware (100% owned by Mic Mac Oils (1963) Ltd.) MIC MAC OILS (1963) LTD., incorporated under the Laws of the Province of Alberta (100% owned) RANGELAND PIPE LINE COMPANY LIMITED, incorporated under the Laws of the Province of Alberta (100% owned) SECURITY FREEHOLD PETROLEUMS LIMITED, incorporated under the Laws of the Dominion of Canada (100% owned)
TRANSFER AGENTS	MONTREAL TRUST COMPANY, Calgary, Toronto and Winnipeg MORGAN GUARANTY TRUST COMPANY OF NEW YORK, New York
STOCK EXCHANGE LISTING	TORONTO STOCK EXCHANGE
AUDITORS	PEAT, MARWICK, MITCHELL & CO., Calgary

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held at the Head Office of the Company on Tuesday, April 27, 1965 at 11:30 A.M. Shareholders of record as of April 20, 1965 will be entitled to vote at this meeting. Notice of the meeting and proxy forms are being mailed with this report.

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